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C O N F I D E N T I A L SECTION 01 OF 02 VATICAN 000241

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SUBJECT: VATICAN: ISRAELI VISIT ADDRESSES FUNDAMENTAL AGREEMENT

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CLASSIFIED BY: Peter Martin, Pol/Econ Chief, Vatican, State.

REASON: 1.4 (b), (d)

Summary

11. (C) The Director General of the Israeli Foreign Ministry will visit the Vatican November 27 to discuss issues related to the Fundamental Agreement between Israel and the Holy See, an attempt to break the logjam on negotiations. Some Vatican contacts fear the visit may turn out to be an Israeli ultimatum. Holy See Deputy Foreign Minister Parolin told us the Israelis had assured him that they simply wanted to take a step back and see how the two sides might overcome existing obstacles (mainly taxation issues) in the negotiations. Some prominent Jewish religious leaders have urged the GoI to continue negotiations in good faith. Ambassador Rooney has pointed out to interested parties that finalizing the Fundamental Agreement would be an important step for both sides that would help ensure the viability of the Christian community in Israel. The inability to finalize the agreement is also an unnecessary impediment to relations between two parties that should generally be on the same side in the "war of ideas" underway in the Middle East. End summary.

DG Visit

12. (C) Various contacts have told the Ambassador that the Director General of the Israeli Foreign Ministry will visit the Vatican November 27 to discuss issues related to the Fundamental Agreement between Israel and the Holy See. Negotiations have stalled between the two sides, according to our Vatican contacts because the Israelis have refused to schedule further rounds of negotiating sessions. While talks on unresolved issues in the Fundamental Agreement (mainly on taxation and financial issues) are normally held between two teams of negotiators, the November 27 meeting will be held at a higher level (with Holy See Foreign Minister equivalent Mamberti) without technical experts present.

Ultimatum?

13. (C) Israeli-born Fr. David Jaeger, Holy See negotiator on Fundamental Agreement issues, told the Ambassador he feared the Israelis were planning to offer an ultimatum to the Holy See. "Why else would they step outside the normal channels of negotiation?" he asked. He thought the DG might unveil a new offer to the Vatican FM that he would have to take or leave. "That is hardly negotiating in good faith," Jaeger observed. Israeli Ambassador Oded Ben-Hur seemed to add credence to Jaeger's fears when he told Ambassador Rooney some weeks ago that the Israelis were coming to Rome and planned to make a "breakthrough" on the issue. When pressed, he intimated that the "breakthrough" would be more or less what Jaeger predicted - the Israeli's "best offer" on some of the financial issues at stake.

Other Voices

14. (C) Holy See Deputy Foreign Minister Pietro Parolin is convinced that the Israelis are simply stepping outside the normal negotiating channels to give the process a fresh start. "We emphasized to them that this will not be a negotiating session or a chance to debate a proposal," he said, "since we

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already have a mechanism in place for that." Instead, Parolin said, he hoped that the meeting would be a chance to review the principles involved in the negotiations at a high level, in the hopes of finding a helpful ways to move forward.

15. (C) The Israelis have heard from several interlocutors that an ultimatum would not be welcomed by the Holy See. Fr. Norbert Hofmann, Vatican point man for Jewish relations, normally sticks to the religious relationship with Judaism and steers clear of the Holy See - Israel political relationship. In this case, though, he told us he had weighed in with Jews who are prominent in inter-religious relations, asking them to use their contacts in the Israeli government to press for good-faith negotiations. Hofmann told us that prominent rabbis Israel Singer and David Rosen had both spoken to contacts in the GoI, who assured them that Israel did not plan to ambush the Holy See November 27.

Comment

16. (C) We understand that the Secretary has raised the impasse on the Fundamental Agreement with the Israelis. When the Ambassador mentions the issue to visitors with an interest in it (e.g., recent guests Abe Foxman and the Anti-Defamation League, and Rabbi Arthur Schneier of the Appeal of Conscience

Foundation), he makes the point that finalizing the Fundamental Agreement would help ensure the viability of the Christian community in Israel - a good thing for both the Holy See and Israel. The move might also have helpful ramifications for Christians elsewhere in the Middle East, where they have often been a force for moderation and stability.

17. (C) The roadblock on the agreement is also an unnecessary distraction and impediment to relations between two parties that should generally be on the same side in the "war of ideas" underway in the Middle East, even if they may disagree on some particular policies. Officials on both sides have recognized this point; it remains to be seen if the desire for common ground on larger issues will influence an agreement in which there is cold cash at stake.
ROONEY